

116TH CONGRESS  
1ST SESSION

# H. R. 4497

To amend the Higher Education Act of 1965 to make improvements to the Federal Student Aid Office, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 25, 2019

Ms. SHALALA (for herself, Ms. PRESSLEY, Ms. TLAIB, Ms. JACKSON LEE, Ms. MOORE, and Ms. HAALAND) introduced the following bill; which was referred to the Committee on Education and Labor

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## A BILL

To amend the Higher Education Act of 1965 to make improvements to the Federal Student Aid Office, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-  
2 tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Protecting Student Aid  
5 Act of 2019” or the “PSA Act of 2019”.

6 **SEC. 2. IMPROVEMENTS TO THE FEDERAL STUDENT AID  
7 OFFICE.**

8       Section 141 of the Higher Education Act of 1965 (20  
9 U.S.C. 1018) is amended—

1                             (1) by redesignating subsection (i) as subsection  
2                             (k); and

3                             (2) by inserting after subsection (h) the fol-  
4                             lowing:

5                             “(i) ENFORCEMENT UNIT.—

6                             “(1) IN GENERAL.—Not later than 180 days  
7                             after the date of enactment of the PSA Act of 2019,  
8                             the Secretary shall establish within the PBO an en-  
9                             forcement unit (referred to in this section as the  
10                             ‘Unit’) to review and investigate violations of this  
11                             Act and recommend enforcement actions in accord-  
12                             ance with paragraph (3).

13                             “(2) CHIEF ENFORCEMENT OFFICER.—

14                             “(A) APPOINTMENT.—The Secretary shall  
15                             appoint an official to be known as the ‘Chief  
16                             Enforcement Officer’ who shall serve as the  
17                             head of the Unit. The Secretary shall appoint  
18                             an individual to serve as the Chief Enforcement  
19                             Officer solely on the basis of such individual’s  
20                             integrity and expertise in law and investigations  
21                             and without regard to such individual’s political  
22                             affiliation.

23                             “(B) AUTHORITY.—The Chief Enforce-  
24                             ment Officer shall report directly to the Sec-  
25                             retary without being required to report through

1           any other official of the Department of Edu-  
2           cation.

3           “(C) TERM.—The Chief Enforcement Offi-  
4           cer shall be appointed for a term of 6 years and  
5           may be reappointed for additional terms of 6  
6           years at the discretion of the Secretary.

7           “(D) REMOVAL.—

8           “(i) IN GENERAL.—The Chief En-  
9           forcement Officer may not be removed dur-  
10          ing the Officer’s term except for cause.

11          “(ii) NOTICE TO CONGRESS.—If the  
12          Secretary removes the Chief Enforcement  
13          Officer before the expiration of the Offi-  
14          cer’s term, the Secretary shall submit to  
15          the authorizing committees a report that  
16          explains the reasons for such removal. The  
17          report shall be submitted to the author-  
18          izing committees not later than 30 days  
19          after the date on which the removal takes  
20          effect.

21          “(3) DUTIES.—The Chief Enforcement Officer  
22          shall have the following duties:

23          “(A) Receive, process, and analyze allega-  
24          tions that a covered entity has violated Federal

1 law or has engaged in unfair, deceptive, or abusive practices.

3 “(B) Review and investigate such allegations.

5 “(C) After reviewing and investigating an allegation under subparagraph (B), in consultation with the Chief Operating Officer—

8 “(i) if the covered entity subject to such allegation is an entity described in clause (i) or (iii) of paragraph (8)(A), make recommendations with respect to such covered entity, including—

13 “(I) whether such covered entity should be limited, suspended, or terminated from participation in one or more programs under title IV;

17 “(II) whether such covered entity should be subject to an emergency action under section 487(c)(1)(G); or

20 “(III) a combination of any of the actions described in clauses (II) and (III);

23 “(ii) if the covered entity subject to such allegation is an entity described in clause (ii) of paragraph (8)(A), make rec-

1                   ommendations with respect to such covered  
2                   entity, including whether such covered en-  
3                   tity should be limited, suspended, or termi-  
4                   nated from administering or providing  
5                   services with respect to one or more pro-  
6                   grams under title IV; and

7                   “(iii) provide the Secretary with such  
8                   recommendations.

9                   “(4) SECRETARIAL REVIEW AND ACTION.—  
10                  After receiving notice of a determination of the Chief  
11                  Enforcement Officer under paragraph (4)(C), the  
12                  Secretary shall decide whether or not to pursue en-  
13                  forcement action against the entity concerned. In a  
14                  case in which the Chief Enforcement Officer rec-  
15                  ommends enforcement action against an entity, but  
16                  the Secretary decides not to pursue such enforce-  
17                  ment action, the Secretary shall notify the Chief En-  
18                  forcement Officer, in writing, of the rationale for  
19                  such decision.

20                  “(5) COORDINATION AND STAFFING.—The  
21                  Chief Enforcement Officer shall—

22                   “(A) coordinate with relevant Federal and  
23                   State agencies and oversight bodies; and

24                   “(B) hire staff with the expertise necessary  
25                   to conduct investigations, respond to allegations

1           against covered entities, and enforce compliance  
2           with laws governing Federal student financial  
3           assistance programs under title IV.

4           “(6) INFORMATION SHARING.—The Chief En-  
5           forcement Officer shall develop and implement a  
6           process for sharing relevant information about alle-  
7           gations against covered entities with—

8                 “(A) the Student Loan Ombudsman ap-  
9                 pointed under subsection (f);

10                 “(B) personnel of the Department respon-  
11                 sible for processing borrower defense claims  
12                 submitted under section 455(h);

13                 “(C) other relevant Federal agencies;

14                 “(D) States, including State law enforce-  
15                 ment and regulatory agencies; and

16                 “(E) recognized accrediting agencies or as-  
17                 sociations.

18           “(7) REPORT TO CONGRESS.—On an annual  
19           basis, the Chief Enforcement Officer shall submit to  
20           the authorizing committees a report that includes—

21                 “(A) the number of allegations about cov-  
22                 ered entities received by the Unit in the year  
23                 covered by the report;

24                 “(B) the number of such allegations inves-  
25                 tigated by the Unit;

1               “(C) the number of such allegations that  
2               were referred to the Secretary under paragraph  
3               (4)(C) and a summary of any action taken by  
4               the Secretary with respect to such allegations;

5               “(D) the number of such allegations that  
6               were referred to other Federal agencies and the  
7               names of the agencies to which the allegations  
8               were referred; and

9               “(E) the number of such allegations that  
10              remain under review or investigation as of the  
11              date of the report.

12              “(8) DEFINITIONS.—In this subsection:

13              “(A) COVERED ENTITY DEFINED.—In this  
14              subsection, the term ‘covered entity’ means—

15              “(i) an institution of higher education  
16              (as defined in section 102) that participates  
17              in the Federal student financial assistance  
18              programs authorized under title  
19              IV;

20              “(ii) a contractor that contracts with  
21              the PBO to provide services relating to  
22              such programs, or a subcontractor of such  
23              contractor; or

24              “(iii) a third party servicer.

1                 “(B) THIRD PARTY SERVICER.—The term  
2                 ‘third party servicer’ has the meaning given  
3                 that term in section 481(c).”.

4 **SEC. 3. DEFINITION OF THIRD PARTY SERVICER.**

5                 Section 481(c) of the Higher Education Act of 1965  
6 (20 U.S.C. 1088(c)) is amended—

7                     (1) in the matter preceding paragraph (1), by  
8                 striking “contract” and inserting “contract or other  
9                 agreement, including a revenue sharing arrange-  
10                 ment.”; and

11                    (2) in paragraph (1), by striking “, through ei-  
12                 ther manual or automated processing, any aspect of  
13                 such institution’s student assistance programs” and  
14                 inserting “services on behalf of the institution re-  
15                 ceiving student assistance funds”.

